

April 22, 2019

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile and Motorcycle
Insurance Rates – Clean Risks

On April 10, 2019, the North Carolina Reinsurance Facility Board of Governors voted to adopt and file revised non-fleet private passenger automobile liability rates, classification plan factors, extended non-owned coverage manual rules, and motorcycle relativities as agreed to by the North Carolina Rate Bureau and Commissioner of Insurance by Settlement Agreement and Consent Order dated March 20, 2019. These rates and relativities were previously announced by the Rate Bureau by Circular Letter To All Member Companies A-19-1 dated March 28, 2019. These rates, rules, classification plan factors and relativities, which include automobile liability rates and motorcycle liability relativities, apply only to “clean risks” ceded to the Reinsurance Facility, as defined in G.S. 58-37-35(l). These revised rates also include uninsured motorist and combined uninsured/underinsured motorist coverages which, consistent with past practices, are the same for all North Carolina risks.

In that regard, please find attached the revised base rates along with revised motorcycle relativities, classification plan factors, and manual rules for extended non-owned coverage.

The revision will become effective October 1, 2019 in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2019. No policy effective prior to October 1, 2019 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to October 1, 2019.

Reprinted Personal Auto Manual pages will be distributed, in the usual fashion, as soon as possible. In the interim, notice of these rates, relativities, and rules should be sent as soon as possible to your agents to make them aware of the new rates, relativities and rules.

With respect to any rate differential for ceded business, your attention is directed to G.S. 58-37-25(b) which provides in part as follows:

Each insurer will provide the same type of service to ceded business that it provides for its voluntary market. Records provided to agents and brokers will include an indication that the business is ceded. When an insurer cedes a policy

or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder will be informed that (i) his policy is ceded, (ii) the coverages are written at the Facility rate, which rate differential must be specified, (iii) the reason or reasons for the cession to the Facility, (iv) the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and (v) the policyholder may seek insurance through other insurers who may elect not to cede his policy.

Please see to it that this circular is brought to the attention of all interested personnel in your company.

Sincerely,

Andy Montano

Automobile Manager

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Attachment

RF-19-4

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SETTLED BASE RATES - LIABILITY

<u>Terr Code</u>	<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>
110	\$154	\$217	\$19
120	192	204	24
130	217	212	26
140	282	250	41
150	216	267	29
170	174	228	22
180	205	272	29
190	199	281	25
200	226	258	32
210	196	205	26
220	264	218	30
230	308	216	33
240	279	221	31
250	265	299	38
260	218	249	28
270	173	273	22
280	252	309	38
290	233	292	30
300	159	264	20
310	145	228	16
320	168	211	19
340	238	282	34
350	170	235	21
360	200	232	26
370	233	281	31
380	257	288	28
390	200	300	22
420	362	365	61
440	246	298	34
450	290	304	30
460	192	257	23
470	221	237	24
480	148	202	17
490	142	213	18

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes.

Liability Coverages Only.

With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable voluntary private passenger bodily injury, property damage, and medical payments rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage	Medical Payments*
0-499	[13%]12%	30%
500-1249	[21%]19%	30%
1250-1499	[30%]28%	30%
1500-up	[39%]36%	30%

*Note: Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

(Remainder of rule is unchanged.)

14. MISCELLANEOUS COVERAGES

A. Uninsured Motorists Coverage ONLY

1.
a. Rates

The per policy rates for Uninsured Motorists Coverage are as follows:

	B.I. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ [13] <u>16</u>	\$ [32] <u>40</u>
50/100	[14] <u>17</u>	[35] <u>42</u>
100/200	[16] <u>20</u>	[40] <u>49</u>
100/300	[17] <u>21</u>	[42] <u>52</u>
300/300	[20] <u>26</u>	[49] <u>64</u>
250/500	[21] <u>27</u>	[52] <u>67</u>
500/500	[22] <u>28</u>	[54] <u>69</u>
500/1,000	[24] <u>31</u>	[59] <u>77</u>
1,000/1,000	[25] <u>32</u>	[62] <u>79</u>

	P.D. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

- * For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

14. MISCELLANEOUS COVERAGES(Cont'd)

B. Combined Uninsured/Underinsured Motorists Coverage

1.

2. Rates

The per policy rates for Combined Uninsured/Underinsured Motorists Coverage are as follows:

	B.I. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ [24] <u>27</u>	\$ [60] <u>67</u>
100/200	[43] <u>48</u>	[107] <u>118</u>
100/300	[53] <u>59</u>	[131] <u>146</u>
300/300	[73] <u>81</u>	[180] <u>200</u>
250/500	[86] <u>95</u>	[213] <u>235</u>
500/500	[120] <u>130</u>	[296] <u>321</u>
500/1,000	[135] <u>147</u>	[333] <u>364</u>
1,000/1,000	[152] <u>164</u>	[376] <u>405</u>

	P.D. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

Matter underlined is new; matter in brackets [] is deleted.

PERSONAL AUTO MANUAL

NORTH CAROLINA

PRIMARY CLASSIFICATION RATING FACTORS

Coverage	Pleasure Use	Drive to or From Work		Business Use	<u>TNC Activity*</u>	Farm Use
	(1A)	Less Than 10 Miles (1B)	10 or More Miles (1C)	(3)	TNC	(1AF)
BI, PD and Med. Pay.	1.00	1.05	1.05	1.05	1.20	[.80].75
Collision	1.00	[1.10] <u>1.15</u>	[1.10] <u>1.15</u>	[1.10] <u>1.15</u>	(a)	[.80].75
Comprehensive, Fire, Theft and C.A.C.	1.00	[1.20] <u>1.25</u>	[1.20] <u>1.25</u>	[1.20] <u>1.25</u>	(a)	[.80].75

Add the following rating factors to the Primary Rating Factor

No Inexperienced Operator			
Single or Multi-Car Risk	BI, PD and Med. Pay	Collision	Comprehensive, Fire, Theft and CAC
Single Car	Factor 0.00	Factor 0.00	Factor 0.00
Multi-Car	Factor -0.35	Factor [-0.30] <u>-0.35</u>	Factor -0.10

* Applies only to those vehicles on policies ceded to the North Carolina Reinsurance Facility affording coverage for TNC activity under Endorsement PP 55 45.

(a) For rating a policy that affords this coverage, please refer to the individual company writing the coverage.

Matter underlined is new; matter in brackets [] is deleted.

INEXPERIENCED OPERATOR				
Single or Multi-Car Risks		BI, PD and Med. Pay.	Collision	Comprehensive Fire, Theft & CAC
Single Car	Principal Operator Licensed For:			
	Less Than One Year	Factor [+2.85] <u>+2.60</u>	Factor [+2.55] <u>+2.30</u>	Factor [+0.15] <u>+0.20</u>
	Less Than Two Years	Factor [+1.65] <u>+1.60</u>	Factor [+1.65] <u>+1.50</u>	Factor [+0.15] <u>+0.20</u>
	Less Than Three Years	Factor [+1.30] <u>+1.25</u>	Factor [+1.40] <u>+1.35</u>	Factor [+0.15] <u>+0.20</u>
	Occasional Operator Licensed For:			
	Less Than One Year	Factor +1.75	Factor [+1.65] <u>+1.40</u>	Factor +0.10
	Less Than Two Years	Factor +0.85	Factor [+0.90] <u>+0.80</u>	Factor 0.00
Less Than Three Years	Factor [+0.55] <u>+0.65</u>	Factor [+0.70] <u>+0.60</u>	Factor 0.00	
Multi-Car	Principal Operator Licensed For:			
	Less Than One Year	Factor [+2.50] <u>+2.25</u>	Factor [+2.25] <u>+1.95</u>	Factor [+0.05] <u>+0.10</u>
	Less Than Two Years	Factor [+1.30] <u>+1.25</u>	Factor [+1.35] <u>+1.15</u>	Factor [+0.05] <u>+0.10</u>
	Less Than Three Years	Factor [+0.95] <u>+0.90</u>	Factor [+1.10] <u>+1.00</u>	Factor [+0.05] <u>+0.10</u>
	Occasional Operator Licensed For:			
	Less Than One Year	Factor +1.40	Factor [+1.35] <u>+1.05</u>	Factor 0.00
	Less Than Two Years	Factor +0.50	Factor [+0.60] <u>+0.45</u>	Factor -0.10
Less Than Three Years	Factor [+0.20] <u>+0.30</u>	Factor [+0.40] <u>+0.25</u>	Factor -0.10	

Matter underlined is new; matter in brackets [] is deleted.

**PERSONAL AUTO MANUAL
NORTH CAROLINA
PRIMARY CLASSIFICATION RATING FACTORS
(CONT'D)**

SAFE DRIVER INSURANCE PLAN FACTORS AND CODES

Use the following rating factors to determine the Driving Record Surcharge Premium as explained in the Safe Driver Insurance Plan Rule.

Use the statistical code indicated for the Driving Record Sub-Classification.

Number of Driving Record Points	Driving Record Sub-Classification	Statistical Code	SDIP Rating Factor
0	0	00	0.00
1	1	01	[0.30] <u>0.40</u>
2	2	02	[0.45] <u>0.55</u>
3	3	03	[0.60] <u>0.70</u>
4	4	04	[0.80] <u>0.90</u>
5	5	05	1.10
6	6	06	[1.35] <u>1.40</u>
7	7	07	[1.65] <u>1.70</u>
8	8	08	[1.95] <u>2.00</u>
9	9	09	[2.25] <u>2.30</u>
10	10	10	2.60
11	11	11	3.00
12 or more	12	12	3.40
Vehicles Not Eligible for SDIP – Add the following rating factor to the otherwise applicable Combined Rating Factor. Use the statistical code shown below.			
Not Eligible	NE	95	+0.10

17. EXTENDED NON-OWNED LIABILITY COVERAGE (PERSONAL AUTO POLICY ONLY)

A. Liability Coverage

If Liability Coverage is extended under the Extended Non-owned Coverage For Named Individual Endorsement, Medical Payments Coverage may also be similarly extended. Medical Payments shall be provided at the same limits as the Medical Payments limit of policy to which this endorsement is attached.

Liability/Medical Payments Coverage may be extended to an individual described below:

- 1A.** The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use but is NOT employed by a garage:
- ~~a.~~ When no Primary Liability insurance is in effect on the auto, charge 50% of the liability premium which would apply if the furnished auto were being specifically insured as an owned auto by the individual.
 - ~~b.~~ When there is Primary Liability insurance in effect on the auto or if the auto is used in the business of the United States Government, charge the premiums per person shown in the table below:
- 1.** If primary Liability/Medical Payments Insurance is in effect or if the auto is used in the business of the United States Government, charge the following percentage of the Base Rate(s) for the applicable coverage(s).

Primary Liability/Medical Payments Insurance In Effect	
Person(s) Named	Percentage Charge
Named Individual And Spouse	18%
Named Individual And Resident Relatives (Including Named Individual's Spouse)	20%

- 2.** If there is no primary Liability/Medical Payments Insurance in effect, charge the following percentage of the applicable premium(s) that would apply as if the insured owned the auto being covered.

No Primary Liability/Medical Payments Insurance In Effect	
Person(s) Named	Percentage Charge
Named Individual And Spouse	90%
Named Individual And Resident Relatives (Including Named Individual's Spouse)	100%

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

- 2B.** The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use and is employed by a garage:
- a1.** When garage has no Liability/Medical Payments Insurance charge 170% of Base Rate for Liability/Medical Payments Coverage.
 - b2.** When garage has Liability/Medical Payments Insurance, refer to Company.
- 3.** In all other situations, charge the premiums per person shown in the table below:

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

Memorandum - North Carolina Personal Auto Manual
Matter underlined is new; matter ~~struck through~~ is deleted.

17. EXTENDED NON-OWNED LIABILITY COVERAGE (PERSONAL AUTO POLICY ONLY)(Cont'd)

B. Medical Payments

~~Medical Payments coverage is available only if Bodily Injury and Property Damage coverages are extended. Medical Payments shall be provided at the same limits as the Medical Payments limit of policy to which attached. Premiums per person are displayed below.~~

Medical Payments Limits of Policy to Which Attached	Auto Furnished for Regular Use	Auto Not Furnished For Regular Use
\$ 500	\$4	\$2

~~Use the factors in Rule 18.D. to determine premiums
for Medical Payments limits above \$500.~~